

Message Text

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PAGE 01 JIDDA 02977 171123Z

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AMCONSUL DHAHRAN

S E C R E T JIDDA 2977

EXDIS

DEPT PASS SECDEF FOR DOD/ISA

DHAHRAN FOR CHUSMTM

E.O. 11652: GDS

TAGS: MASS, SA

SUBJ: SAG SEEKS TO OBTAIN IMPROVED HAWK ON GOVT-TO-GOVT BASIS

SUMMARY: MODA PRINCE SULTAN REQUESTS USG AGREE TO GOVT-TO-GOVT CONTRACT FOR IMPROVED HAWK MISSILES. EMBASSY SEES MANY DISADVANTAGES TO OUR ACCEDING TO REQUEST; IT RECOMMENDS THAT AT MOST WE OFFER TO REVIEW FOR MODA ITS FINAL CONTRACT WITH RAYTHEON. END SUMMARY.

1. MODA PRINCE SULTAN HAS TOLD CHUSMTM GEN SMITH THAT SAG WANTS IMPROVED HAWK MISSILE CONTRACT TO BE CONCLUDED ON A GOVT-TO-GOVT BASIS, RATHER THAN WITH RAYTHEON CORP. SULTAN EXPRESSED HOPE THIS COULD BE DONE SOON SO THAT IMPLEMENTATION OF CONTRACT OFFER NOW BEING MADE BY RAYTHEON WILL NOT BE DELAYED. (AS MATTERS NOW STAND, SAG MUST ACCEPT RAYTHEON OFFER BY SEPTEMBER SO AS NOT TO DELAY PRODUCTION AND DELIVERY SCHEDULES OF NEW HAWK SYSTEM. FIRST OF 12 NEW BATTERIES TO BE OPERATIONAL SEPTEMBER 1975, WITH LAST BATTERY TO BE DEPLOYED NOVEMBER 1977. ESTIMATED COST OF WHOLE PROGRAM CIRCA \$160 MILLION.)

2. EMBASSY IS RELUCTANT TO RECOMMEND THAT WE ACCEDE TO SULTAN'S REQUEST. SINCE RAYTHEON'S PROGRAM HAS TO DATE BEEN ONE OF SAG'S

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PAGE 02 JIDDA 02977 171123Z

MORE SUCCESSFUL EXPERIENCES WITH MILITARY CONTRACTORS, IT WOULD

SEEM UNNECESSARY FOR USG TO STEP IN NOW. IN VIEW MOREOVER OF OUR LONG-RANGE DESIRE DIMINISH SAG'S DEPENDENCE ON DIRECT US SUPPORT, A GOVT-TO-GOVT CONTRACT FOR IMPROVED HAWK WOULD SEEM A STEP BACKWARDS FOR SAUDIS AS WELL AS USG.

3. THERE ARE OTHER NEGATIVE FACTORS TO BE CONSIDERED AS WELL: IMPROVED HAWK IS ONLY ONE PART OF SAG'S DEVELOPING AIR DEFENSE/ GROUND ENVIRONMENTS SYSTEMS. IF SAG IS SUCCESSFUL IN GETTING USG TO TAKE ON IMPROVED HAWK, THEREAFTER WE MAY WELL RECEIVE A SIMILAR REQUEST THAT WE TAKE A HAND IN LOCKHEED'S \$150-MILLION GROUND ENVIRONMENTS PROJECT. EVEN MORE THAN IMPROVED HAWK, LOCKHEED PROJECT IS FRAUGHT WITH TECHNICAL, TRAINING AND ADMINISTRATIVE COMPLICATIONS AND WE SHOULD BE CAREFUL AVOID GIVING SAUDIS ANY ENCOURAGEMENT FOR EXPANDED REQUESTS. AT PRESENT, FURTHERMORE, IT WOULD BE DIFFICULT TO RAISE SAUDI AIR DEFENSE SYSTEM TO LEVELS LIKELY TO BE ACCEPTABLE TO USG BECAUSE OF COMMUNICATIONS DIFFICULTIES, AND PROBLEMS OF COMMAND AND LIAISON BETWEEN CIVILIAN AND MILITARY AIR CONTROLLERS. WE SEE NO EARLY PROSPECT THAT THESE PROBLEMS WILL BE RESOLVED. FINALLY, WE ARE ALSO DUBIOUS ABOUT SUCH UNDERTAKING BECAUSE OF FURTHER SUPERVISORY RESPONSIBILITIES THAT EMBASSY AND AN ALREADY OVERBURDENED USMTM WOULD INCUR.

4. ACCORDINGLY RECOMMEND THAT I BE AUTHORIZED TO TELL PRINCE SULTAN THAT HIS REQUEST HAS BEEN CAREFULLY STUDIED BY USG BUT THAT WE RECOMMEND SAG CONCLUDE IMPROVED HAWK CONTRACT AS PLANNED, WITH RAYTHEON ON GOVT-TO-CONTRACTOR BASIS. I COULD ADDUCE ARGUMENTS OUTLINED PARA 2 ABOVE AND POINT OUT THAT UNDER NEW RAYTHEON CONTRACT SAG WOULD STILL HAVE QUALITY ASSURANCE THAT WE ARE AT PRESENT PROVIDING THROUGH OUR EXISTING USMTM AIR DEFENSE ADVISORS. IF SULTAN PRESSES FOR RECONSIDERATION (AND HE PROBABLY WILL), IT WOULD BE HELPFUL IF I COULD BE AUTHORIZED TO OFFER USG REVIEW OF SAUDI-RAYTHEON CONTRACT.

5. WE HAVE NOT DISCUSSED FOREGOING WITH RAYTHEON OFFICIALS HERE AND DO NOT INTEND TO, THOUGH IT POSSIBLE, OF COURSE, SAUDIS HAVE MENTIONED MATTER TO THEM.
THACHER

NOTE BY OC/T: NOT PASSED SECDEF.

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PAGE 03 JIDDA 02977 171123Z

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